

I certify that the attached is a true and
correct copy of HJR 15, which
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1989 JAN 24 PM 3:18

HOUSE OF REPRESENTATIVES

Ways & Means

Betty Murray

Chief Clerk of the House

FILED NOV 22 1988

By Ovard

HJR. No. 15

A JOINT RESOLUTION

1 proposing a constitutional amendment to limit ad valorem tax
2 increases on the residence homestead of an elderly person or the
3 surviving spouse of an elderly person if the income of the person
4 or surviving spouse is at or below the poverty level.

5 BE IT RESOLVED BY THE LEGISLATURE OF THE STATE OF TEXAS:

6 SECTION 1. Article VIII, Section 1-b, of the Texas
7 Constitution is amended by adding Subsection (f) to read as
8 follows:

9 (f) Except as otherwise provided by this subsection, if a
10 person receives the exemption provided by Subsection (c) of this
11 section for homesteads of persons 65 years of age or older, the
12 total annual amount of taxes imposed on that residence homestead by
13 a political subdivision other than a school district may not be
14 increased from one year to the next while it remains the residence
15 homestead of the person and the income of the individual is at or
16 below the poverty level as provided by general law. If a person 65
17 years of age or older dies in a year in which the person received
18 the limitation provided by this subsection, the total annual amount
19 of taxes imposed on the homestead by a political subdivision other
20 than a school district may not be increased while it remains the
21 residence homestead of that person's spouse if the spouse is or
22 becomes 55 years of age or older during the year of the person's
23 death. The limitation on tax increases provided by this section
24 for the surviving spouse of an individual applies only if the

1 spouse's income for the year the individual dies is at or below the
2 poverty level as provided by general law and continues only as long
3 as the income of the spouse remains at or below that poverty level.
4 Taxes otherwise limited by this section may be increased to the
5 extent that the value of the homestead is increased by improvements
6 other than repairs or improvements made to comply with governmental
7 requirements. The legislature by general law shall provide for the
8 administration of this section.

9 SECTION 2. This proposed constitutional amendment shall be
10 submitted to the voters at an election to be held November 7, 1989.
11 The ballot shall be printed to provide for voting for or against
12 the proposition: "The constitutional amendment to limit ad valorem
13 tax increases on the residence homestead of an elderly person or
14 the surviving spouse of an elderly person if the income of the
15 person or the surviving spouse is at or below the poverty level."

HOUSE COMMITTEE REPORT

1st Printing

By Ovard

H.J.R. No. 15

A JOINT RESOLUTION

proposing a constitutional amendment to limit ad valorem tax increases on the residence homestead of an elderly person or the surviving spouse of an elderly person if the income of the person or surviving spouse is at or below the poverty level.

BE IT RESOLVED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Article VIII, Section 1-b, of the Texas Constitution is amended by adding Subsection (f) to read as follows:

(f) Except as otherwise provided by this subsection, if a person receives the exemption provided by Subsection (c) of this section for homesteads of persons 65 years of age or older, the total annual amount of taxes imposed on that residence homestead by a political subdivision other than a school district may not be increased from one year to the next while it remains the residence homestead of the person and the income of the individual is at or below the poverty level as provided by general law. If a person 65 years of age or older dies in a year in which the person received the limitation provided by this subsection, the total annual amount of taxes imposed on the homestead by a political subdivision other than a school district may not be increased while it remains the residence homestead of that person's spouse if the spouse is or becomes 55 years of age or older during the year of the person's death. The limitation on tax increases provided by this section for the surviving spouse of an individual applies only if the

1 spouse's income for the year the individual dies is at or below the
2 poverty level as provided by general law and continues only as long
3 as the income of the spouse remains at or below that poverty level.
4 Taxes otherwise limited by this section may be increased to the
5 extent that the value of the homestead is increased by improvements
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8 administration of this section.

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14 the surviving spouse of an elderly person if the income of the
15 person or the surviving spouse is at or below the poverty level."

COMMITTEE REPORT

The Honorable Gib Lewis
Speaker of the House of Representatives

5-10-89
(date)

Sir:

We, your COMMITTEE ON WAYS AND MEANS,

to whom was referred H.J.R. 15 have had the same under consideration and beg to report
(measure)

back with the recommendation that it

- ☒ do pass, without amendment.
- ☐ do pass, with amendment(s).
- ☐ do pass and be not printed; a Complete Committee Substitute is recommended in lieu of the original measure.

A fiscal note was requested. ☒ yes ☐ no An actuarial analysis was requested. ☐ yes ☒ no

An author's fiscal statement was requested. ☐ yes ☒ no

A criminal justice policy impact statement was prepared. ☐ yes ☒ no

A water development policy impact statement was requested. ☐ yes ☒ no

☐ The Committee recommends that this measure be sent to the Committee on Local and Consent Calendars for placement on the ☐ Local, ☐ Consent, or ☐ Resolutions Calendar.

This measure ☐ proposes new law. ☒ amends existing law.

House Sponsor of Senate Measure _____

The measure was reported from Committee by the following vote:

	AYE	NAY	PNV	ABSENT
Hury, Ch.	<input checked="" type="checkbox"/>			
Luna, V.C.	<input checked="" type="checkbox"/>			
Hollowell, C.B.O.				<input checked="" type="checkbox"/>
Berlanga				<input checked="" type="checkbox"/>
Craddick	<input checked="" type="checkbox"/>			
Heflin	<input checked="" type="checkbox"/>			
Morales	<input checked="" type="checkbox"/>			
Schlueter				<input checked="" type="checkbox"/>
Seidlits	<input checked="" type="checkbox"/>			
Stiles				<input checked="" type="checkbox"/>
Williamson				<input checked="" type="checkbox"/>
Wilson				<input checked="" type="checkbox"/>
Wolens	<input checked="" type="checkbox"/>			

Total
7 aye
0 nay
0 present, not voting
6 absent

James Hury
CHAIRMAN
Robert K. Wale
COMMITTEE COORDINATOR

1

BILL ANALYSIS

BACKGROUND

Article VIII, Section 1-b, Subsection (d), Texas Constitution, limits the amount of taxes that a school district may impose on the residence homestead of a person 65 years or older, once that person receives the exemption from school taxes for over-65 persons authorized by Article VIII, Section 1-b(c). These limitations are also restated in Section 11.26, Tax Code. Current law provides that school taxes on the homestead may not be increased above the amount imposed on the homestead in the first year the individual qualified for the \$10,000 exemption.

PURPOSE

This measure proposes a constitutional amendment to limit ad valorem tax increases on the residence homestead of an elderly person or the surviving spouse of an elderly person if the income of the person or surviving spouse is at or below the poverty level.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Article VIII, Section 1-b, Texas Constitution by adding subsection (f).

(f) Provides that if a person 65 or older receives an exemption under subsection (c) of this section, political subdivisions other than school districts cannot increase the annual amount of taxes imposed on that person's residence homestead if that person is at or below the poverty level provided by general law. If the person dies and the spouse is 55 years of age or older and continues to reside in the residence homestead, the law applies for the spouse. These provisions continue as long as the income of the person or the surviving spouse is at or below the poverty level. Taxes may be increased to the extent that the homestead has improvements made which increase its value, unless those improvements were made to comply with governmental requirements.

SECTION 2. Requires submission to the voters on November 7, 1989; specifies ballot language.

RULEMAKING AUTHORITY

It is the committee's opinion that this bill does not delegate rulemaking authority to any state agency, officer, department, or institution.

SUMMARY OF COMMITTEE ACTION

On February 15, 1989, H.J.R. 15 was referred to the Property Tax Subcommittee consisting of the following members: Reps. Luna-Chair, Berlanga, Craddick, Heflin, and Seidlits. Public notice was posted in accordance to the rules and a subcommittee public hearing was held on March 22, 1989. Mr. J. Kenneth Huff, representing the American Association of Retired Persons, registered in support. Mr. David Harper, representing the Association of Water Board Directors, registered in opposition.

On May 9, 1989, the subcommittee voted to report the measure without amendment to the full committee.

On May 10, 1989, the full committee voted to report the measure to the House without amendment with the recommendation that it do pass by a record vote of 7 ayes and 0 nays, with 6 absent.

LEGISLATIVE BUDGET BOARD

Austin, Texas

FISCAL NOTE

March 13, 1989

TO: Honorable James F. Hury, Jr., Chair
Committee on Ways and Means
House of Representatives
Austin, Texas

In Re: House Joint Resolution
No. 15
By: Ovard

FROM: Jim Oliver, Director

In response to your request for a Fiscal Note on House Joint Resolution No. 15 (proposing a constitutional amendment to limit ad valorem tax increases on the residence homestead of an elderly person or the surviving spouse of an elderly person if the income of the person or surviving spouse is at or below the poverty level) this office has determined the following:

The resolution proposes a constitutional amendment which, if adopted, would provide that taxes other than school taxes on the residence homestead of a person 65 years of age or older may not be increased from year to year while that person's household income remained at or below the poverty level established by general law. The resolution would transfer the ceiling to a surviving spouse who continued to use the property as a homestead and whose income continued to be at or below the poverty level. The proposed amendment would be submitted to voters on November 7, 1989.

The cost of publication of the resolution to the State is estimated to be \$60,000 in fiscal year 1990.

The Texas Constitution provides for a ceiling or "tax freeze" on school taxes levied on the residence homesteads of persons age 65 or older. School taxes cannot be increased above the amount levied in the year the owner first qualified for the over-65 exemption. The exemption may be passed on to a qualifying surviving spouse.

The constitutional amendment would be implemented by House Bill 117 or similar legislation. House Bill 117 would set forth the various provisions limiting future tax increases for qualifying elderly taxpayers. The bill defines the federal poverty level to be the amount established by the Federal Office of Management and Budget.

Property owners would be required to apply for the new tax ceiling annually. Property would be taxed at its full market value if a taxpayer failed to make a timely application or if their income exceeded the federal poverty level.

The extension of a tax limitation on over-65 residence homesteads to all taxing units would cause some loss of revenue to units other than school districts after 1990. Because the tax ceiling limits future increases in taxes, there would be no loss of revenue in the first year the ceiling took effect. Taxing units would incur revenue losses in later years as taxes were increased. The table below provides an estimate of the potential losses. The estimate assumes that taxing units would not raise their tax rates to compensate for the new ceiling provisions. If local taxing units chose to maintain their revenue streams by increasing property tax rates, there would be a transfer of the tax burden from such property to other types of property.

Under the resolution's provisions, appraisal districts would incur additional administrative costs associated with processing annual applications, sending required notices, determining household income, and determining qualifications of surviving spouses for continuation of the tax limitation. These costs may impose a significant burden on appraisal districts. Additionally, taxing units other than school districts would incur costs associated with computing taxes on homesteads subject to the limitation. The amount of these additional costs cannot be determined.

The probable maximum revenue loss from implementing the provisions of the resolution during each of the first five years following passage is estimated as follows:

<u>Fiscal Year</u>	<u>Estimated Loss in Property Tax Levies</u>
1990	\$ -0-
1991	2,570,467
1992	5,276,141
1993	8,124,134
1994	11,121,931

Similar annual fiscal implications would continue as long as the provisions of the resolution are in effect.

No additional fiscal implication to the State is anticipated.

Criminal Justice Policy Impact Statement: No change in the sanctions applicable to adults convicted of felony crimes is anticipated.

Source: State Property Tax Board; Secretary of State;
LBB Staff: JO, JWH, AL, AM, BL

HOUSE JOINT RESOLUTION

proposing a constitutional amendment to limit ad valorem tax increases on the residence homestead of an elderly person or the surviving spouse of an elderly person if the income of the person or surviving spouse is at or below the poverty level.

NOV 22 1988

1. Filed with the Chief Clerk.

JAN 23 1989

2. Read first time and referred to Committee on

Ways + MeansMAY 10 19893. Reported favorably ~~(as amended)~~
~~(as substituted)~~ and sent to Printer at5:45 pm
MAY 11 1989MAY 13 1989

4. Printed and distributed at

3:47 pmMAY 15 1989

5. Sent to Committee on Calendars at

8:06 am

6. Read second time (amended) and (finally) passed to Third Reading by a Record Vote of _____ yeas, _____ nays, _____ present, not voting.

7. Motion to reconsider and table the vote by which H.J.R. _____ was ordered engrossed prevailed (failed) by (Non-Record Vote) (Record Vote of _____ yeas, _____ nays, _____ present, not voting).

8. Read third time (amended) and finally adopted (failed of adoption) by a Record Vote of _____ yeas, _____ nays, _____ present, not voting.

9. Caption ordered amended to conform to body of resolution.

10. Motion to reconsider and table the vote by which H.J.R. _____ was finally adopted prevailed (failed) by a (Non-Record Vote) Record Vote of _____ yeas, _____ nays, and _____ present, not voting).

11. Ordered Engrossed at _____

12. Engrossed.

13. Returned to Chief Clerk at _____

14. Sent to the Senate.

Chief Clerk of the House

15. Received from the House

16. Read, referred to Committee on _____

17. Reported favorably

18. Reported adversely, with favorable Committee Substitute; Committee Substitute read first time.

19. Ordered not printed.

20. Regular order of business suspended by

(a viva voce vote.)

(_____ yeas, _____ nays.)

21. To permit consideration, reading and passage, Senate and Constitutional Rules suspended by vote of _____ yeas, _____ nays.

22. Read second time

passed to third reading by:
(a viva voce vote.)

(_____ yeas, _____ nays.)

_____ 23. Caption ordered amended to conform to body of bill.

_____ 24. Senate and Constitutional 3-Day Rules suspended by vote of _____ yeas,
_____ nays to place bill on third reading and final passage.

_____ 25. Read third time and passed by
(a viva voce vote.)
(_____ yeas, _____ nays.)

OTHER ACTION:

OTHER ACTION:

Secretary of the Senate

_____ 26. Returned to the House.

_____ 27. Received from the Senate (with amendments.)
(as substituted.)

_____ 28. House (Concurred) (Refused to Concur) in Senate (Amendments) by a (Non-Record
(Substitute) Vote) (Record Vote of _____ yeas, _____ nays, _____ present,
not voting).

_____ 29. Conference Committee Ordered.

_____ 30. Conference Committee Report Adopted (Rejected) by a (Non-Record Vote) (Record
Vote of _____ yeas, _____ nays, and _____ present, not voting).

_____ 31. Ordered Enrolled at _____